



Morgan Hill's Bag Ordinance: *A Guide for Businesses*

The Morgan Hill shopping bag ordinance will take effect on April 22, 2014. After this date, all Morgan Hill stores can no longer distribute plastic carryout bags and must charge at least ten cents for approved paper bags.

Why did Morgan Hill enact this ordinance?

Single use carryout bags frequently become litter and find their way into creeks and storm drains.

Which businesses does the new bag ordinance apply to?

Any store that gives a bag to customers at check out is included. Restaurants are not covered by the new rules.

Which bags are covered?

The ordinance covers bags given to shoppers at the check stand. Plastic carryout bags are not allowed. Stores can choose to make paper bags available to shoppers for a fee of at least 10 cents per bag.

Are there times when shoppers would not be charged a fee for a bag?

Yes, paper bags or reusable bags must be provided at no charge to those who participate in supplemental food programs such as WIC (Women, Infants and Children) or CalFresh.

Which bags are exempt?

Exempt bags are bags without handles used

- to carry produce, meat or other food items to the check stand,
- to protect food or merchandise from being damaged or contaminated when placed in a reusable or paper bag,
- to hold prescription medications from pharmacies, and
- to be placed over articles of clothing on a hanger.

How can I best comply with the new rules?

Stores that choose to offer paper or reusable bags to their customers should contact their bag supplier now in order to be prepared to offer compliant bags on the effective date of the ordinance, April 22, 2014. Stores that offer paper or reusable bags will need to program their cash registers to track the sales of both these items. Eliminating carryout bags entirely is an option.

Will the City help my business implement this change?

Yes, the City will offer businesses outreach materials, like small signs for check out counters, to remind shoppers of the new rules. Educational outreach to residents through newsletters and social media pages will also be done.

What paper bags comply with the ordinance?

- Bags must be 100% recyclable, and
- contain a minimum of 40% post-consumer recycled material.
- Printed on the bag must be the
 - name of the manufacturer,
 - country where the bag was made,
 - minimum percentage of post-consumer material used, and
 - the word “Recyclable” clearly displayed on the outside of the bag.

What defines a reusable bag?

- A reusable bag is a bag with handles that is made to be reused multiple times.
- It is machine washable or made from material that can be cleaned or disinfected.
- Reusable bags are strong and durable.

Do stores need to keep track of the bags they sell?

Yes, stores are required to include on each cash register receipt the number of paper or reusable bags a customer purchases.

Are there any record keeping requirements for the new bag ordinance?

Stores must retain accurate records showing the

- total number of paper carryout bags provided,
- total number of reusable bags provided,
- total amount of monies collected for providing paper or reusable carryout bags, and a summary of any efforts to promote the use of reusable bags.
- Records will include permitted carryout bags provided free of charge to those who participate in supplemental food programs such as WIC or CalFresh.
- Records must be retained for a minimum of three years from the date of purchase.

Can stores promote the use of reusable bags?

Stores are encouraged to promote the use of reusable bags and to post signs encouraging customers to use them. Stores may provide reusable bags to customers, at no charge, for a limited time each year.

What if I don't want to comply with the new rules?

The City will issue a warning notice to any store that is out of compliance with the bag ordinance. Stores that continue to ignore the bag rules can be cited and fined.

What happens to the 10 cent fee on paper bags collected by stores?

Stores may keep bag fees collected. No payments to the City are required by this ordinance.

Is the 10 cent fee subject to sales tax?

The State Board of Equalization has determined that this charge should not be included in the retailer's gross receipts and is not subject to sales or use tax.